



DATE: June 17, 2026
TO: Board of Commissioners
FROM: Cornell Wesley, Executive Director
SUBJECT: Report Number 26-22

Authorizing the Executive Director to Execute an Amended and Restated Development and Disposition Agreement with Portland State University for Redevelopment of Multiple Properties within the North Macadam Tax Increment Financing District

Board Action Requested and Description

Adopt Resolution No. 7653

This action by the Prosper Portland Board of Commissioners (Board) will authorize the Executive Director to execute an Amended and Restated Development and Disposition Agreement (DDA) between Prosper Portland and Portland State University (PSU) for projects within the North Macadam (NMAC) Tax Increment Finance (TIF) District. If approved, key updated terms include development of the SW 4th Ave and SW Lincoln St. Property (4th and Lincoln) together with the former Arts and Design Building (A&D) Property; predevelopment and site preparation for redevelopment of the University Place (UP) Property; and broader placemaking initiatives in the PSU Campus portion of the district. With this action, the 2015 DDA will be terminated. However, specific provisions related to the 4th and Lincoln Property Promissory Note will continue.

Strategic Alignment and Outcomes

Within the NMAC TIF District and beyond, Prosper Portland has a long-standing partnership with PSU. As an anchor educational and research institution for Portland and the state, PSU plays a significant role in providing a workforce pipeline, creating opportunities for student and community growth, generating research and innovation, and advancing major investments and projects as a key downtown property owner. Together, PSU and Prosper Portland have worked to deliver on the NMAC TIF District's goals and investment priorities. In addition, many elements of the City of Portland's Advance Portland inclusive economic development strategy align closely with PSU's mission and its role in the regional economy and the Central City.

Building on this foundation, PSU and Prosper Portland have continued to collaborate through a range of projects that advance shared economic and community development priorities. Through this collaboration and mutual support, the partners have delivered meaningful public benefits that further both organizations' missions. Many of these initiatives have been implemented under the Development and Disposition Agreement (DDA), first executed in 2015 and amended in 2018, with funding provided through NMAC resources.

Specific PSU projects that have been supported by Prosper Portland with NMAC TIF funds under the DDA include:

- 2017 – A \$2 million grant supporting improvements to PSU’s School of Business Administration.
- 2018 – A \$7.49 million grant supporting the transfer of property to PSU for development of the Vanport Building, which houses PSU’s Graduate School of Education and School of Public Health, Portland Community College’s dental programs and the City of Portland’s Bureau of Planning and Sustainability.
- 2018 – A \$5.84 million grant supporting PSU’s acquisition of the 4th and Lincoln property (formerly Budget Rent a Car).
- 2024 – A \$2 million grant supporting the relocation and enhancement of the PSU Business Accelerator to the Science and Education Center building on campus.

The partnership’s coordinated activities and real estate investments under the DDA advance all four key objectives of the City of Portland’s Advance Portland strategy:

1. Propel inclusive economic growth and innovation.
2. Promote equitable wealth creation.
3. Foster a vibrant Central City and commercial districts.
4. Connect Portlanders to high quality jobs in future-ready sectors.

Background and Context

On December 11, 2014, through Resolution No. 7088, the Prosper Portland Board authorized the original Development and Disposition Agreement (DDA), which was executed on April 3, 2015, and later amended on February 20, 2018. As the agreement has become outdated, the Parties agree that a new and restated DDA, rather than another amendment, is the most effective mechanism to align current priorities, clarify roles, and support upcoming PSU campus projects and property development within the NMAC District. The restated DDA will provide a refreshed framework that advances the shared goals of both PSU and Prosper Portland and formally addresses the next phase of projects and real-estate opportunities.

Restated DDA – PSU and Prosper: Projects and Key Terms

Prosper Portland and PSU propose to restate the existing Development and Disposition Agreement (DDA) to establish a refreshed framework that supports the next phase of collaborative projects and campus-area redevelopment within the NMAC District. The original DDA, authorized in 2014 and executed in 2015 with a subsequent amendment in 2018, no longer reflects current priorities, project timelines, or the partners’ evolving roles. A new, restated DDA will provide updated terms, a clear implementation timeline, and project-specific agreements that enable PSU and Prosper Portland to advance major real-estate initiatives—including the 4th and Lincoln/A&D Property Redevelopment Project, the University Place

Redevelopment Project, and ongoing place-making efforts—while maintaining flexibility to respond to emerging opportunities.

Restated DDA Term

The restated DDA will establish a clear implementation timeline that supports coordinated decision-making and the advancement of upcoming redevelopment projects. The proposed term is five years, covering 2026 through 2031, providing sufficient time for project planning, predevelopment, and early phases of construction activity. In addition, the Parties may extend the agreement for an additional five-year period upon mutual written consent, ensuring continuity if major projects require a longer runway or if new opportunities emerge within the NMAC District.

4th and Lincoln and Existing Arts & Design Building Properties (collectively, the “4AD Redevelopment Project”)

Background and Properties Overview

The 4AD Redevelopment Project represents a major opportunity for PSU and Prosper Portland to advance shared goals for housing, campus-area revitalization, and activation of the NMAC District. Prosper Portland previously supported PSU’s acquisition of the 4th and Lincoln property in 2019 through a \$5.84 million conditionally forgivable loan secured by a Promissory Note requiring PSU to advance an approved development project. When PSU did not commence construction by January 31, 2024, the loan became due; however, rather than pursuing repayment, the Parties have negotiated a joint redevelopment approach that aligns more closely with current needs and long-term district goals.

This project involves two adjacent properties:

- **Property 1**, located at SW 4th Avenue and SW Lincoln Street on the former Budget Rent A Car site, is approximately 0.41 acres in size.
- **Property 2**, the existing Arts & Design Building property, is approximately 0.53 acres and is located directly adjacent to the 4th and Lincoln parcel.

Together, the combined 0.94-acre site creates the potential for a full-block redevelopment that can deliver new housing and mixed-use development at a prominent campus gateway.

Promissory Note Status

Under the proposed terms for the 4AD Redevelopment Project, the existing Promissory Note will remain in effect until PSU and Prosper Portland establish joint ownership of the two properties through a Tenancy in Common (TIC) Agreement. During this period, Prosper Portland will refrain from enforcing repayment of the loan as long as the restated DDA remains active and PSU continues to make good-faith progress toward executing the TIC Agreement and advancing the 4AD project. Once joint ownership is formalized and the TIC Agreement is executed, the Promissory Note will be terminated, aligning financial obligations with the shared redevelopment approach negotiated by both Parties.

University Place (UP) Redevelopment Project.

The University Place (UP) Redevelopment Project is a priority opportunity for advancing Prosper Portland’s goal of facilitating redevelopment that achieves the highest and best use of strategic properties within the NMAC District. The UP site, totaling approximately 4.25 acres, holds significant potential for mixed use or institutional redevelopment that can strengthen the surrounding district and contribute to broader economic development objectives in the Central City. While the current concept under consideration by PSU is the Portland Arts and Cultural Center (PACC), the restated DDA is structured to support redevelopment of the site regardless of the final program or building concept ultimately pursued. Prosper Portland will extend its previous NMAC funding commitment to ensure sustained support for redevelopment of the UP site.

PSU must begin construction no later than June 30, 2028, ensuring timely progress on site transformation and alignment with the broader NMAC investment timeline. Prosper Portland will provide a total commitment of \$7.6 million for redevelopment-related activities across the UP site, including site preparation, demolition, grading, and other development-readiness work. PSU will submit the proposed scope of work and associated costs for Prosper Portland’s review to confirm eligibility under NMAC TIF funding guidelines. PSU may also propose an alternative redevelopment project for the site if priorities evolve, subject to Prosper Portland evaluation and approval.

Place-Making Initiative

Prosper Portland will continue to support PSU’s Placemaking Initiative as a complementary effort to the major redevelopment projects outlined in the restated DDA. The initiative focuses on creating vibrant, inclusive campus-area spaces through community-driven projects and programming that reflect cultural identity, promote connectivity, and enhance the public realm. This work plays an important role in strengthening the character and activity of the NMAC District while reinforcing the broader redevelopment vision.

Under the restated DDA, Prosper Portland will provide up to \$300,000 in funding for eligible placemaking projects. To qualify, proposed projects must be submitted by PSU or community partners and include a clear scope, budget, schedule, procurement approach, and identification of eligible cost categories. All projects will be reviewed and approved by Prosper Portland to ensure alignment with NMAC funding requirements and district objectives.

Equity Impact

The equity impact of the projects addressed by the PSU DDA includes the strategic alignment and outcomes summarized above with respect to Advance Portland and specifically:

1. 4AD Redevelopment opportunity for housing and mixed use
2. Redevelopment of UP Property for public auditorium for arts with associated hotel and commercial space, or other approved mixed-use project with community benefits
3. PSU program workforce training and support
4. Attract investment, quality jobs, and community benefits to NMAC and the City of Portland

Community Participation and Feedback

Prosper Portland has conducted formal community engagement with the South Portland Neighborhood Association (SPNA) and key NMAC stakeholders such as PSU, Oregon Health and Sciences University, and other large property owners. SPNA and these stakeholders helped establish and continue to support NMAC TIF District budget priorities including the DDA's projects and initiatives. There has been no direct community participation related to the proposed DDA amendments. However, PSU and Prosper Portland have maintained a public partnership that is directly connected to the priorities of the educational, housing and business communities in NMAC and the Central City.

Budget and Financial Information

There are sufficient resources in the NMAC TIF Fund for fiscal year 2026-27 recommended Adopted Budget to support the projects and initiatives included in the DDA (see attachment C).

Risk Assessment

The proposed DDA includes risks associated with 4AD property redevelopment and TIC joint ownership structure, and UP financing and development.

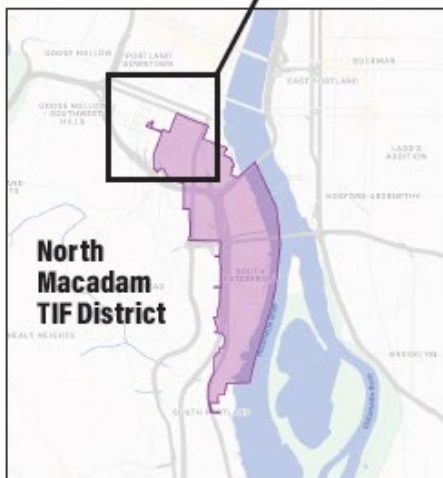
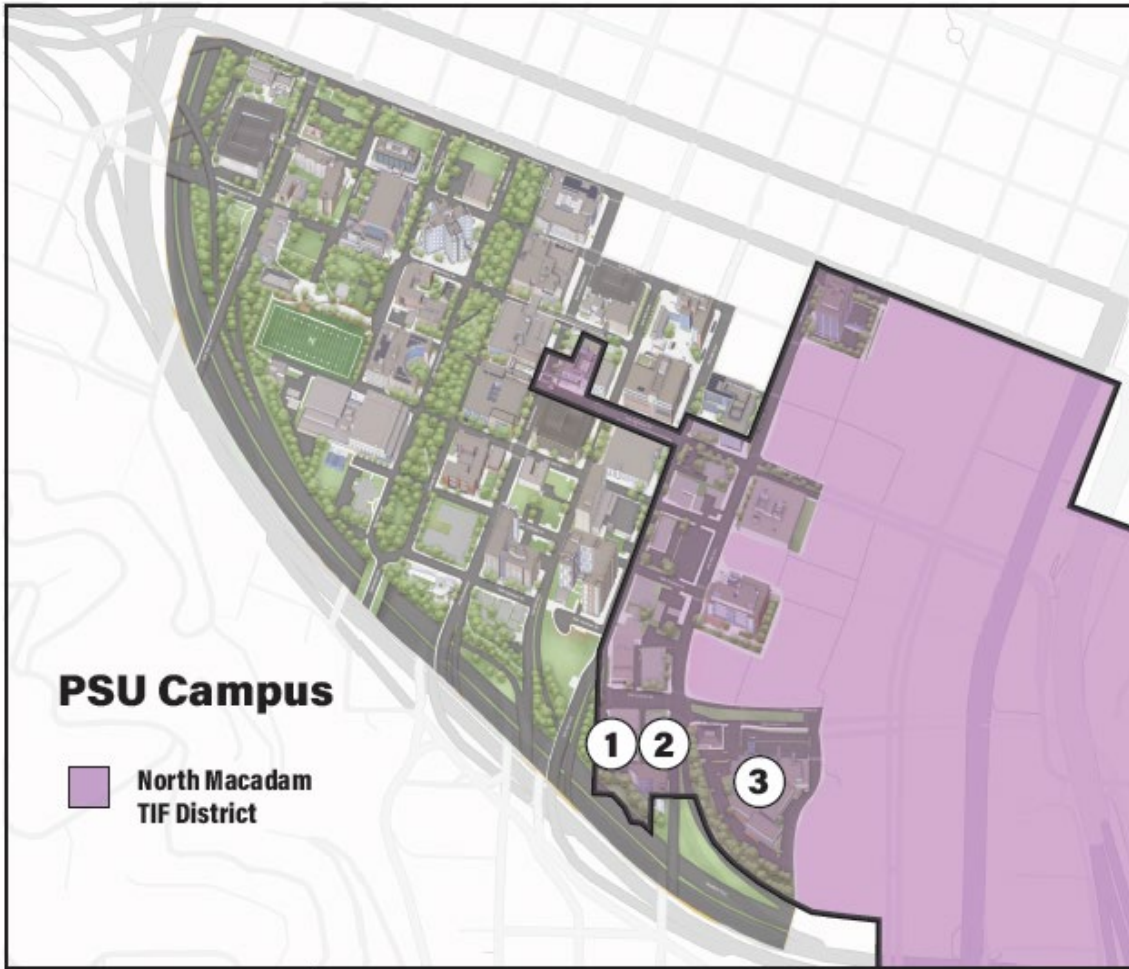
Redevelopment projects can have more risks than new development due to potential unknowns within existing structures including environmental hazards and site structural conditions. Unexpected site conditions can trigger significant obligations and cost overruns. To mitigate these potential risks, the DDA and 4AD TIC will be structured to have all demolition be the responsibility of PSU, and joint due diligence, including environmental site assessment and property title assessment, and pre-development planning prior to Prosper Portland obtaining an ownership interest in the 4AD TIC. In addition, PSU will assume any project and property management administrative obligations and costs.

The UP-redevelopment project and proposed PACC include risks associated with feasibility and financing. The NMAC TIF District financial support in the DDA is limited to the \$7.6 million site redevelopment of the current hotel site to highest and best use, independent of the proposed PACC or alternative project, and expires June 30, 2028 with a construction commencement requirement.

Attachments

- A. Location Map
- B. Project Map
- C. North Macadam TIF Fund Financial Summary

North Macadam and PSU Location Map



- ① **Former Arts & Design Building Properties**
- ② **SW 4th Ave & SW Lincoln St**
- ③ **University Place**

Project Map

Project Map

SW 4th & Lincoln

2033 SW 4th Ave

Former Arts & Design Building Property

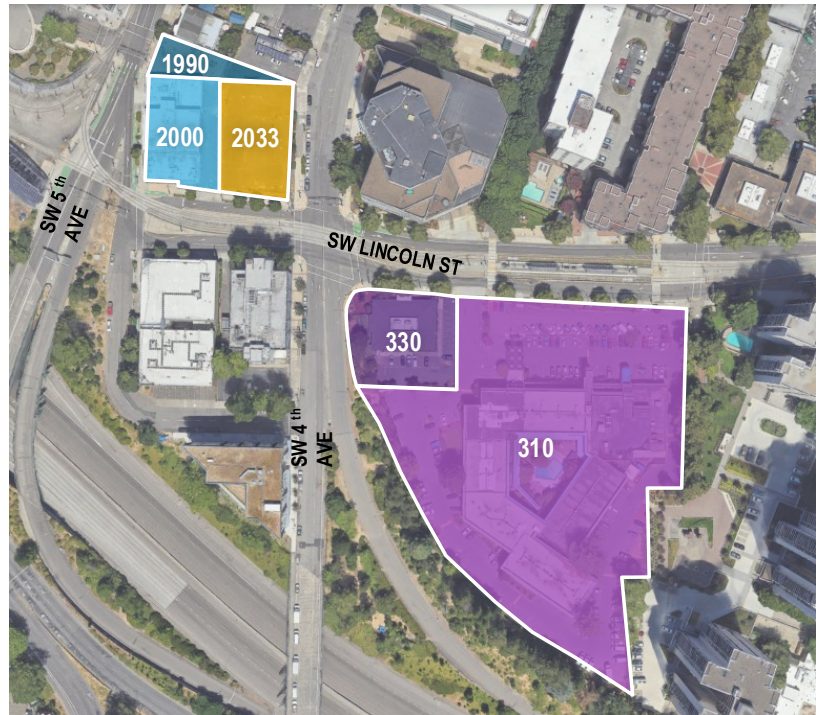
1990 SW 5th Ave

2000 SW 5th Ave

University Place

330 SW Lincoln St

310 SW Lincoln St



Financial Summary

North Macadam TIF Fund	Revised FY 2025-26	Adopted FY 2026-27	Forecast FY 2027-28	Forecast FY 2028-29	Forecast FY 2029-30	Forecast FY 2030-31
Resources						
Beginning Fund Balance	69,270,748	58,104,448	29,099,188	25,454,133	10,520,153	174,275
Revenue						
Interest on Investments	1,731,769	889,858	779,200	340,275	28,377	16,871
TIF - Short Term Debt	4,051,462	-	-	-	-	-
Rent and Property Income	203,800	203,800	203,800	203,800	203,800	203,800
Total Revenue	5,987,031	1,093,658	983,000	544,075	232,177	220,671
Total Resources	75,257,779	59,198,106	30,082,188	25,998,208	10,752,330	394,946
Requirements						
Administration						
A00024-ADM-Debt Management & Legal-NMC	116,000	117,000	117,000	117,000	117,000	117,000
Administration Total	116,000	117,000	117,000	117,000	117,000	117,000
Housing						
A00165-PHB-Affordable Housing-NMC	14,545,617	6,107,211	-	-	-	-
Housing Total	14,545,617	6,107,211	-	-	-	-
Infrastructure						
Parks						
A00222-G02-Greenway Improvements-NMC	-	-	-	-	10,000,000	-
A00837-G02-Outdoor Marine Displays-NMC	-	-	-	50,000	-	-
Transportation						
A00231-G02-Bond Avenue-NMC	-	11,900,000	-	-	-	-
A00892-Transportation Improvement-NMC	-	-	2,400,000	2,400,000	-	-
Infrastructure Total	-	11,900,000	2,400,000	2,450,000	10,000,000	-
Property Redevelopment						
Real Estate Management						
A00273-G04-RiverPlace Prkng-NMC	93,885	93,885	93,885	93,885	93,885	70,885
A00560-G04-South Waterfront Lot 4-NMC	17,170	17,170	17,170	17,170	17,170	17,170
A00533-G03-University Place-NMC	-	7,600,000	-	-	-	-
A00894-G05-Healthy Communities-NMC	-	-	500,000	-	-	-
A00893-G05-MixedUseHsng-NMC	-	2,700,000	-	11,600,000	-	-
Redevelopment Grants						
A00496-G01-Prosperity Investment Program (PIP) Grant-NMC	100,000	50,000	50,000	50,000	50,000	-
A00740-G01-Community Livability Grant-NMC	900,000	300,000	300,000	-	-	-
A00870-G01-NUNM NPG-NMC	300,000	-	-	-	-	-
A00908-G03-Place-Making Initiative-NMC	-	300,000	-	-	-	-
Property Redevelopment Total	1,411,055	11,061,055	961,055	11,761,055	161,055	88,055
Total Program Expenditures	16,072,672	29,185,266	3,478,055	14,328,055	10,278,055	205,055
Personnel Services	574,958	485,985	575,000	575,000	150,000	94,946
Total Fund Expenditures	16,647,630	29,671,251	4,053,055	14,903,055	10,428,055	300,001
Interfund Transfers - Indirect Charges	505,701	427,667	575,000	575,000	150,000	94,945
Reserved For Future Expenditures	58,104,448	29,099,188	25,454,133	10,520,153	174,275	-
Total Fund Requirements	75,257,779	59,198,106	30,082,188	25,998,208	10,752,330	394,946